



RECEIVED
2005 FEB 17
T.R.A. DOCKET ROOM
HUNTON & WILLIAMS LLP
RIVERFRONT PLAZA, EAST TOWER
931 EAST BYRD STREET
RICHMOND, VIRGINIA 23219-4074
TEL 804 • 788 • 8200
FAX 804 • 788 • 8218

RICHARD D. GARY
DIRECT DIAL 804-788-8330
EMAIL rgary@hunton.com

February 16, 2005

FILE NO 21043 000522

VIA OVERNIGHT MAIL

Ms. Sharla Dillon
Dockets and Records Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

DOCKET NO.
05-00052

PAID T.R.A.
Chk # 420210
Amount 50.00
Rcvd By JP
Date 2-17-05

Re: In the Matter of the Petition of Project Holdings Corp. and NA Communications, Inc., to Complete a Transfer of Control of an Authorized Carrier

Dear Ms. Dillon:

Enclosed please find an original and thirteen (13) copies of the above-referenced Joint Petition for authority under Section 65-4-113 of the Tennessee Code to complete a change of control of NA Communications Inc. The Transaction Agreement and its attachments (Attachment A to the Joint Petition) contain confidential proprietary information and have been filed confidentially, under separate cover, in accordance with Section 1220-1-1-.03 of the Authority's Rules of Practice and Procedure. The enclosed copies show that Attachment A has been redacted

In addition, a check for \$50 is enclosed to cover all necessary filing fees.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,


Richard D. Gary



Ms. Sharla Dillon
February 16, 2005
Page 2

cc: Mary McDermott, Esq.
Mr. David R. Maccarelli
D. Zachary Grabill, Esq.

In the Matter of the Petition of
PROJECT HOLDINGS CORP.
and
NA COMMUNICATIONS INC.
to Complete a Transfer of Control of an
Authorized Carrier

)
)
)
)
)
)
)
)
)
)
)

Docket No. _____

1

Agreement, as amended, by which the terms and conditions of the change of control are governed, is **Attachment A** to this Joint Petition.²

As detailed herein, the transaction will result in control of NTELOS being held by qualified, experienced investors with a strategic interest in the continued success of NA Communications and will have no adverse impact on the service quality or the financial integrity of NA Communications. The parties thus request expeditious approval of this Joint Petition.

II. PARTIES

1. NTELOS is a Virginia business corporation headquartered in Waynesboro, Virginia.

2. NA Communications is a Virginia public service corporation authorized to transact business in the state of Tennessee. As of the year ended December 31, 2004, NA Communications served 985 lines throughout Johnson City, Kingsport, Elizabethton, Erwin, Greenville and Newport, Tennessee. NA Communications provides facilities-based and resold local exchange, exchange access and interexchange telecommunications services through a combination of its own facilities and through the resale of the local exchange services of Sprint and BellSouth Telecommunications, Inc. and the interexchange services of certified interexchange carriers.

3. Project Holdings Corp. is a Delaware corporation organized on January 14, 2005 for the purpose of acquiring the stock of NTELOS. Project Holdings Corp. is fifty percent (50%) owned by Quadrangle and fifty percent (50%) owned by CVC. Neither Quadrangle nor CVC

² The Transaction Summary contains "Proprietary information" and is being filed confidentially in accordance with Section 1220-1-1- 03 of the Authority's Rules of Practice and Procedure

will have the right to exercise ultimate decision making authority over the actions taken by Project Holdings Corp. without the other party's consent.

4. The Quadrangle funds, with \$1.1 billion in total capital, are managed by a private investment firm founded in March 2000 and specializing in private equity investments in telecommunications and media companies in the United States and Europe. Quadrangle's five Managing Principals have over 60 years of combined experience in investing and advising in the telecommunications and media sectors. Quadrangle's current portfolio includes a number of telecommunications companies, most significantly DataNet Communications Group, Inc. (a facilities-based telecommunications provider, majority owned and controlled by Quadrangle, providing data services to businesses, carriers and institutions in and around New York's Hudson Valley) and NuVox Communications (a privately held broadband integrated communications provider, serving business customers across the Southeast and Midwest, of which Quadrangle holds a seat on the Board of Directors). Other Quadrangle communications investments include a controlling interest in Access Spectrum, LLC (a spectrum "band manager") and an investment in Bresnan Broadband Holdings, LLC.

5. CVC is a private equity firm that currently manages a \$2.6 billion equity fund, whose limited partners include major institutional investors and its parent company, Citigroup, Inc. Founded in 1968, CVC is one of the world's oldest and largest private equity firms, and has been the lead investor in some 200 transactions over the past two decades. CVC has a long history of supporting and growing its portfolio companies with a significant number of its companies having completed at least one follow-on acquisition. CVC is a leading private equity investor in technology-related companies worldwide. Its investments have included telecommunications equipment manufacturers and service providers.

II. NTELOS OPERATIONS

6. NTELOS is now in the process of recapitalizing its debt (the “recapitalization”) and buying back a portion of its outstanding stock (the “stock buyback”) from its current controlling owners, Capital Research and Management Company and its affiliates (“Capital Research”) and Morgan Stanley & Co., Inc (“Morgan Stanley”).³ Specifically, NTELOS is recapitalizing through its commitment to a \$35 million revolving credit facility and \$400 million Term B Loan and a \$225 million Term Loan Facility. NTELOS will use a portion of the funds from the recapitalization to buy back approximately 75% of its equity stock, warrants and stock options (“NTELOS Equity Securities”). The stock buyback, which commenced on January 24, 2005, will be accomplished through a tender offer made to all current holders of NTELOS Equity Securities. The recapitalization is expected to be completed by the end of February 2005.

III. MERGER TRANSACTION

7. Following the recapitalization, the stock buyback, the Initial Stock Purchase⁴ and regulatory approval by this Authority and other regulatory agencies, Project Holdings Corp. will acquire by merger all of the then-outstanding common stock, options and warrants to purchase common stock of NTELOS that Project Holdings Corp. will not already own. A wholly-owned subsidiary of Project Holdings Corp., Project Merger Sub Corp. (“Merger Corp.”), will merge with and into NTELOS, with NTELOS being the surviving entity. Specifically, the terms of the merger provide that (1) all remaining NTELOS Equity Securities will be cancelled and, except

³ Capital Research entities currently hold 4,769,486 shares of NTELOS common equity and Morgan Stanley entities hold 5,308,048 shares of the NTELOS common equity

⁴ In the Initial Stock Purchase, Quadrangle and CVC, through Project Holdings Corp., intend to purchase from holders of NTELOS’ equity stock and warrants the equivalent of not more than 24.9% of the post-recapitalization outstanding shares of NTELOS at a price of \$40 per share and \$16.27 per warrant. This transaction will not result in a change of control of NA Communications.

for shares owned by Project Holdings Corp., will be converted to a right to receive cash equal to \$40.00 per share of outstanding common stock, \$20.23 per share of common stock issuable pursuant to the exercise of a vested option and \$16.27 per share of common stock issuable pursuant to the exercise of a warrant, and (2) each share of common stock of Merger Corp. will be converted into one share of common stock of NTELOS as the surviving entity. As a result of the merger, Project Holdings Corp. will own 100% of the equity of NTELOS. This change of control of NTELOS will indirectly effect a change of control of NA Communications. The parties expect, however, to maintain the current operations of the NTELOS after the merger, and NA Communications will remain committed to providing high-quality service to its Tennessee customers. A corporate organizational chart pre- and post-merger is **Attachment B** to the Joint Petition.

IV. PUBLIC INTEREST

8. The transfer of control of the stock of NA Communications to Project Holdings Corp. will not adversely affect the public. Quadrangle and CVC are experienced equity investors committed to maintaining the excellent operating results of NA Communications following the change of control. The proposed transaction will have no adverse effects on service quality thus will well serve the interest of NTELOS' Tennessee customers. The terms and conditions of the Transaction Agreement are reasonable.

V. STATUS OF CONCURRENT PETITIONS

9. NTELOS and Project Holdings Corp. have filed similar joint petitions with the regulatory authorities of Virginia and West Virginia. As of the date of the filing of this Joint Petition, none of the regulatory authorities have made a decision regarding these petitions and applications. NTELOS and Project Holdings Corp. have also made similar filings seeking

consent to the transfer of control with the Federal Communications Commission; these filings are currently pending.

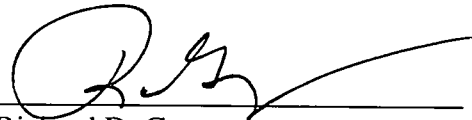
10. The Attachments to this Joint Petition are as follows:

Attachment A: Amended Transaction Agreement

Attachment B: Corporate Organizational Chart

WHEREFORE, Project Holdings Corp. and NA Communications, along with NTELOS, respectfully request that the Authority approve, pursuant to Section 65-4-113 of the Tennessee Code, the Transaction Agreement whereby control of NA Communications will be relinquished by NTELOS' controlling owners -- Capital Research and Morgan Stanley -- and assumed by Project Holdings Corp., an entity formed and jointly owned by Quadrangle and CVC.

Respectfully Submitted,



Richard D. Gary
D. Zachary Grabill
Hunton & Williams LLP
Riverfront Plaza, East Tower
951 E. Byrd Street
Richmond, Virginia 23219
Phone: (804) 788-8200
Fax: (804) 788-8218
**Counsel for NTELOS Inc. and
NA Communications Inc.**

For Project Holdings Corp.

Mary Newcomer Williams
Covington & Burling
1201 Pennsylvania Ave NW
Washington, DC 20004-2401
Phone: (202) 662-5244

VERIFICATION

Being first duly sworn the undersigned, James S. Quarforth, deposes and states that he is Chief Executive Officer of NTELOS INC., that he has read the foregoing Joint Petition and knows the contents thereof, that the same are truly stated, and that he has executed the Joint Petition on behalf of NTELOS INC. with full power and authority to do so.

James S. Quarforth

State of Virginia

City/County of Waynesboro

Subscribed and sworn before me, a Notary Public, in and for the jurisdiction aforesaid this 14th day of February, 2005.. My commission expires 9/30/08.

Shirley J. Madison
Notary Public



VERIFICATION


Being first duly sworn the undersigned, James S. Quarforth, deposes and states that he is Chief Executive Officer of NA COMMUNICATIONS INC., that he has read the foregoing Joint Petition and knows the contents thereof, that the same are truly stated, and that he has executed the Joint Petition on behalf of NA COMMUNICATIONS INC. with full power and authority to do so.



State of Virginia

City County of Waynesboro

Subscribed and sworn before me, a Notary Public, in and for the jurisdiction aforesaid this 14th day of February, 2005. My commission expires 9/30/08.


Notary Public



VERIFICATION

Being first duly sworn the undersigned, Michael Huber, deposes and states that he is Vice President of PROJECT HOLDINGS CORP., that he has read the foregoing Joint Petition and knows the contents thereof, that the same are truly stated, and that he has executed the Joint Petition on behalf of PROJECT HOLDINGS CORP. with full power and authority to do so.

M Huber

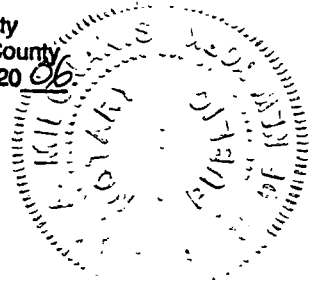
State of New York

City/County of New York

Subscribed and sworn before me, a Notary Public, in and for the jurisdiction aforesaid this 15th day of February, 2005. My commission expires 6/2006.

Lisa A. Milonakis
Notary Public

LISA A. MILONAKIS
NOTARY PUBLIC, State of New York
No. 01MI6043757
Qualified in Nassau County
Certificate Filed In New York County
Commission Expires June 26, 2006



ATTACHMENT A

CONFIDENTIAL

TRANSACTION AGREEMENT

By and among

NTELOS INC.,

PROJECT HOLDINGS CORP.,

PROJECT MERGER SUB CORP.

and

Certain Shareholder Signatories

Dated as of January 18, 2005

[REDACTED]

ATTACHMENT B

Citigroup Funds
Citigroup Venture Capital Equity Partners, LP (49.08%)

CVC Executive Fund LLC (.44%)

CVC/SSB Employee Fund, LP (.49%)

Quadrangle Funds
Quadrangle Capital Partners LP (34.65%)

Quadrangle Capital Partners- A LP (13.43%)

Quadrangle Select Partners LP (1.92%)

50%

50%

Project Holding Corp.

(Holding Company)

100%

NTELOS Inc.

(Holding Company)

100%

NTELOS NetAccess Inc

An internet service provider ('ISP')

100%

NA Communications, Inc.

Operates as a CLEC

Other wholly owned or substantially owned entities providing ILEC, CLEC, PCS, Longhaul Fiber Transport, ISP, and Paging services

